

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature	Printed Name		License Number	

SYLVAN TOWNSHIP WATER &
SEWER AUTHORITY

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2005

SYLVAN TOWNSHIP WATER AND SEWER AUTHORITY

WATER & SEWER AUTHORITY BOARD

Chairman - Jerry Dresselhouse
Vice-Chairman - Maryann Noah
Member - Ken Unterbrink
Member - LuAnn Koch
Member - Scott Cooper

WATER & SEWER AUTHORITY AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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PFEFFER ■ HANNIFORD ■ PALKA
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September 20, 2006

Sylvan Township Water and Sewer Authority
Sylvan Township Hall
18027 W. Old US 12
Chelsea, MI 48118-9673

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the Sylvan Township Water and Sewer Authority as of and for the year ended December 31, 2005. These financial statements are the responsibility of the Authority Board. Our responsibility is to express an opinion on these financial statements based on the audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sylvan Township Water and Sewer Authority, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year end in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 6 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation. However, we did not audit the information and express no opinion on it.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT
DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis December 31, 2005

Within this section of the Sylvan Township Water & Sewer Authority financial report, the Authority's management is providing a narrative discussion and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2005. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Authority's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Authority's financial statements. The financial statements include all the statements required by the Governmental Accounting Standards Board and the notes to the financial statements. The Authority also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Authority's annual reports include two Authority-wide financial statements. These statements provide both long-term and short-term information about the Authority's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these statements is the Statement of Net Assets. This is the Authority-wide statement of position presenting information that includes all the Authority's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating. Evaluation of the overall health of the Authority may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Revenues, Expenses and Changes in Net Assets which reports how the Authority's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Authority's distinct activities or functions on the revenues generated by the Authority.

The Authority's financial reporting includes all the funds of the Authority (primary government) and, additionally, organizations for which the Authority is accountable (component units). Since the Authority's sole purpose is to operate and manage a water system, only one fund is maintained. Thus, there are no fund financial statements prepared by the Authority.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements.

Other information

In addition to the financial statements and accompanying notes, this report also presents certain supplementary information. Other supplementary information includes a budget to actual reconciliation for current year Authority operations.

Financial Analysis of the Authority as a Whole

The Authority's net assets at the end of the fiscal year were \$19,432,631. This is a \$19,541,146 increase over last year's net deficit of \$108,515. A prior period adjustment was made to account for most of this increase in order for the Authority to account for the capital assets created by the member Townships. As consistent figures are used the Authority will provide comparative data.

The following tables provide a summary of the Authority's financial activities and changes in net assets:

Summary of Net Assets

	<u>12/31/2005</u>
Current and other assets	\$ 108,810
Capital assets, net	<u>19,685,545</u>
Total assets	<u>19,794,355</u>
Accounts payable	38,794
Due to Sylvan Township	<u>322,930</u>
Total liabilities	<u>361,724</u>
Net assets:	
Invested in capital assets	19,685,545
Unrestricted (deficit)	<u>(252,914)</u>
Total net assets	<u>\$ 19,432,631</u>

Summary of Changes in Net Assets

Operating revenues	<u>\$ 195,667</u>
Operating expenses	
Depreciation	263,640
Other operating expenses	<u>340,066</u>
Total operating expenses	<u>603,706</u>
Operating (loss)	(408,039)
Capital contributions	<u>3,080,274</u>
Net income	2,672,235
Beginning net assets	(108,515)
Prior period adjustment	<u>16,868,911</u>
Ending net assets	<u><u>\$ 19,432,631</u></u>

Revenues have increased significantly due to the addition of new users onto the utility systems. Expenses have also increased due to these additional users, and the depreciation of \$263,640 associated with the system.

Capital and Debt Administration

The Authority has recorded the capital assets contributed by the member Townships with a prior period adjustment for all activity as of January 1, 2005. All current year activity is being recorded as a capital contribution from the member Township. Sylvan and Lyndon Township have completed the construction of the sewer lines to tap into Leoni Township during the fiscal year. A total of \$3,080,274 was spent from their respective construction funds being held at Washtenaw County. The debt for all the capital assets are being recorded within each individual member Township.

Economic Factors and Next Year's Goals

The Authority's financial outlook is very hard to predict with the recent downturn in the economy. The Authority expects that the operating deficit will be eliminated or reduced with the addition of new users onto the system.

Contacting the Authority's Financial Management

This report is designed to provide a general overview of the Authority's financial position and comply with finance-related regulations. If you have further questions about this report or request additional information, please contact the Authority at 18027 W. Old US 12, Chelsea, Michigan 48118-9673.

FINANCIAL
STATEMENTS

SYLVAN TOWNSHIP WATER AND SEWER AUTHORITY
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

ASSETS

CURRENT ASSETS

Cash	\$ 24,166	
Accounts receivable - billings	<u>84,644</u>	
Total current assets		\$ 108,810

CAPITAL ASSETS

Land	98,350	
Utility systems	20,070,290	
Leasehold improvements	<u>44,185</u>	
	20,212,825	
Less accumulated depreciation	<u>527,280</u>	
Net property, plant and equipment		<u>19,685,545</u>
Total assets		19,794,355

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 38,794	
Due to Sylvan Township	<u>322,930</u>	
Total current liabilities		<u>361,724</u>

NET ASSETS

NET ASSETS

Investment in capital assets	19,685,545	
Unreserved (deficit)	<u>(252,914)</u>	
Total net assets		<u>\$ 19,432,631</u>

The accompanying notes are an integral part of these financial statements

SYLVAN TOWNSHIP WATER AND SEWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

OPERATING REVENUES		
Billings - operations	\$ 127,773	
Meter sales	21,714	
Service charges	1,717	
Permit fees	<u>44,463</u>	
Total operating revenues		<u>\$ 195,667</u>
OPERATING EXPENSES		
Contracted services	163,693	
Depreciation	263,640	
Inspections and testing	13,758	
Utilities	21,892	
Chemicals	7,264	
Supplies		
Water	40,797	
Sewer	4,987	
Repairs and maintenance		
Water	1,915	
Sewer	55,456	
Telephone	1,707	
Office supplies	2,469	
Insurance	5,318	
Licenses and subscriptions	3,288	
Printing and publications	637	
Professional fees	14,214	
Security	751	
Fuel	<u>1,920</u>	
Total operating expenses		<u>603,706</u>
Operating (loss)		(408,039)
CAPITAL CONTRIBUTIONS		
Member contributions - additions to system		<u>3,080,274</u>
Net income		2,672,235
NET ASSETS, JANUARY 1, 2005		(108,515)
PRIOR PERIOD ADJUSTMENT		<u>16,868,911</u>
NET ASSETS, DECEMBER 31, 2005		<u>\$ 19,432,631</u>

The accompanying notes are an integral part of these financial statements

SYLVAN TOWNSHIP WATER AND SEWER AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Receipts from customers	\$ 126,042
Receipts from Sylvan Township	194,259
Payments to vendors	<u>(301,272)</u>

Net cash from operating activities \$ 19,029

CASH AT JANUARY 1, 2005 5,137

CASH AT DECEMBER 31, 2005 \$ 24,166

RECONCILIATION OF OPERATING (LOSS) TO NET CASH
FROM (USED IN) OPERATING ACTIVITIES

Operating (loss)	\$ (408,039)
Adjustments to reconcile operating (loss) to net cash from (used in) operating activities	
Depreciation expenses	263,640
Changes in assets and liabilities	
Receivables, net	(69,625)
Accounts payables, net	38,794
Due to Sylvan Township	<u>194,259</u>

Net cash from operating activities \$ 19,029

NON CASH CAPITAL AND RELATED FINANCING TRANSACTIONS

Capital additions to system contributed to authority by member \$ 3,080,274

The accompanying notes are an integral part of these financial statements

NOTES
TO
FINANCIAL
STATEMENTS

SYLVAN TOWNSHIP WATER AND SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 1 - DESCRIPTION OF THE ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

The accounting policies of the Sylvan Township Water and Sewer Authority (the "Authority") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Sylvan Township Water and Sewer Authority:

A. REPORTING ENTITY

The Sylvan Township Water and Sewer Authority is governed by an appointed five-member board. The Authority provides water and sewer services to certain areas within Sylvan Township, Lima Township and Lyndon Township. The utility systems used and maintained by the Authority are contributed by these member Townships.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net deficit and the statement of revenue, expenses, and changes in net deficit) report all activities of the Authority. The activities of the Authority are considered business- type activities in that they rely to a significant extent on fees and charges for support. The Authority does not conduct any governmental activities:

C. MEASUREMENT FOCUS

The financial activities of the Authority are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with its operations are included on the statement of net assets; revenues are recorded when earned, and expenses are recorded when liabilities are incurred.

D. CASH AND CASH EQUIVALENTS

The Authority considers its deposits and restricted deposits and investments held with maturities of three months or less are considered to be cash equivalents.

E. CAPITAL ASSETS

Capital assets are stated at cost. Depreciation and amortization are computed using the straight-line method based on the estimated useful lives of the related assets, which range from 5 to 50 years for equipment and 5 to 50 years for buildings, structures, and improvements. All assets are owned by their respective member townships, but recorded on the Authority's books as they manage, maintain, and bill for utility usage.

SYLVAN TOWNSHIP WATER AND SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - DESCRIPTION OF THE ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - continued

F. CONSTRUCTION-IN-PROGRESS

The costs of acquisition and construction of major plant and equipment is recorded as construction-in-progress. As facilities are accepted by the Authority and become operative, they are transferred to the facilities and improvements or machinery and equipment accounts and depreciated in accordance with the Authority's depreciation policies. Costs of construction projects that are discontinued are recorded as expense in the year in which the decision is made to discontinue such projects.

G. CAPITALIZATION OF INTEREST

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

H. PREMIUM AND ISSUANCE COSTS

Bond discount, premium, and issuance costs are amortized over the term of the related bonds. No such bond discount/premiums or issuance costs were outstanding or issued during the year ended December 31, 2005.

I. INCOME TAXES

As a governmental agency, the Authority is exempt from both federal income taxes and Michigan Single Business Tax.

NOTE 2 - MANAGEMENT'S ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SYLVAN TOWNSHIP WATER AND SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws Section 129.91, authorizes the Authority to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Authority's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Authority's deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Chelsea State Bank	<u>\$ 24,166</u>	<u>\$ 26,547</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consist of regular quarterly billings and penalties. Each year, as of August 15, accounts receivable that are over 90 days old are placed on the tax roll for the applicable Township.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of changes in property, plant and equipment:

	<u>Balance 1-1-05</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance 12-31-05</u>
Land	\$ 98,350	\$	\$	\$ 98,350
Utility systems	13,071,538	6,998,752		20,070,290
Leasehold improvements	44,185			44,185
Construction in progress	3,918,478	3,080,274	(6,998,752)	
Net	<u>17,132,551</u>	<u>10,079,026</u>	<u>(6,998,752)</u>	<u>20,212,825</u>
Accumulated depreciation	<u>(263,640)</u>	<u>(263,640)</u>		<u>(527,280)</u>
Total net book value	<u>\$ 16,868,911</u>	<u>\$ 9,815,386</u>	<u>\$ (6,998,752)</u>	<u>\$ 19,685,545</u>

SYLVAN TOWNSHIP WATER AND SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT - continued

Depreciation related to the utility systems and equipment is recorded as depreciation expense on the statement of revenues and expenses. Depreciation is recorded on the straight-line basis over the estimated useful life of the asset which is as follows:

Water system - plant and distribution system	50 years
Equipment	5 & 7 years
Leasehold	20 years

Previously, these capital assets were being recorded by only one member township, and not on the Authority's financial statements. A prior period adjustment has been made to record these fixed assets on the Authority's financial statements for the year ended December 31, 2005. The Authority is responsible to manage and maintain these assets. Additions to these capital assets are generally due to capital contributions from the member townships for their portion of the system used by the Authority.

NOTE 6 - STATEMENT OF CASH FLOWS

Pursuant to Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year.

Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The direct method was utilized to present cash flows from operations. The following is a summary of beginning and ending cash and cash equivalents:

	Beginning Balance January 1, 2005	Ending Balance December 31, 2005
CASH AND CASH EQUIVALENTS	\$ 5,137	\$ 24,166

NOTE 7 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

SYLVAN TOWNSHIP WATER AND SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 8 - SEGMENT INFORMATION

Selected financial information is as follows:

Operating revenue	\$ 195,667
Depreciation	263,640
Total assets	19,794,355
Total net assets	19,432,631
Net income	2,672,235

NOTE 9 - RETAINED EARNINGS DEFICIT

The unreserved retained earnings in the operations of the Authority. The Authority expects this deficit to be remedied over time as users are being added to this relatively new system.

NOTE 10 - PRIOR PERIOD ADJUSTMENT

A prior adjustment has been made in the financial statements for the year ended December 31, 2005 to account for the capital assets being managed and maintained by the Authority. The amount of the adjustment is detailed below and was added to the equity of the Authority.

Historical cost of capital assets	\$ 17,132,551
Less: accumulated depreciation	<u>(263,640)</u>
	<u>\$ 16,868,911</u>

NOTE 11 - MEMBER TOWNSHIP UNCERTAINTY

Sylvan Township has entered into agreements with Washtenaw County in which the county sold bonds for approximately \$15 million on behalf of the Township to finance the construction of a sewer/water system improvements and lines. The bonds are payable over 20 years.

The Township has special assessments totaling \$6,949,491 yet to be collected while the total debt related to these projects is \$13,642,310 as of March 31, 2006. The Township believed there would be enough new utility customers to pay for the difference. However, the new customers are not forthcoming as originally planned. Recent projections of the debt service fund show possible cash flow deficits over the life of the debt obligation.

The Township is considering various options to remedy the above problem. The effect of this possible deficit on the Authority has not been determined.

SYLVAN SEWER AND WATER AUTHORITY

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2005



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September 29, 2006

Authority Board
Sylvan Sewer & Water Authority
18027 W. Old US 12
Chelsea, MI 48118-9673

Honorable Authority Board:

In planning and performing our audit of the financial statements of the Sylvan Sewer & Water Authority for the year ended December 31, 2005, we considered the Authority's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Those matters are as follows:

1. COMMENT

There was no inventory of the meters.

RECOMMENDATION

The Authority should periodically do a physical inventory in order to know what is on hand.

2. COMMENT

The special assessments levied to finance the wastewater treatment plant and collection system is considerably less than the outstanding debt owed by the Township to the bondholders.

RECOMMENDATION

The Authority should evaluate the possible ramifications if the Township is unable to fulfill its debt service requirements.

3. COMMENT

The water and sewer contractor collects the money and issues permits and water meters.

RECOMMENDATION

There is a lack of segregation of duties in this area. The Authority should evaluate the cost/benefit of separating these duties.

4. COMMENT

The receivables were not reconciled to the general ledger.

RECOMMENDATION

The receivables should be reconciled to the general ledger at least on a quarterly basis.

This letter does not affect our report dated September 29, 2006, on the financial statements of Sylvan Sewer & Water Authority.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various Authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Authority Board, and management of Sylvan Sewer & Water Authority and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants